

8 November 2022

DCC Delivers Strong Growth and Development

DCC, the leading international sales, marketing and support services group, today announces its results for the six months ended 30 September 2022.

Financial highlights:	2022	2021	% change	% change CC ¹
Revenue	£10.837bn	£7.518bn	+44.1%	+44.4%
Adjusted operating profit²	£221.2m	£195.8m	+13.0%	+10.7%
DCC Energy	£132.5m	£118.4m	+11.9%	+12.4%
DCC Healthcare	£43.2m	£50.2m	-13.9%	-16.0%
DCC Technology	£45.5m	£27.2m	+67.4%	+52.7%
Adjusted earnings per share²	146.4p	134.2p	+9.1%	+6.7%
Interim dividend	60.04p	55.85p	+7.5%	
Net debt (excl. lease creditors)³	£782.3m	£54.1m		

- Strong growth in the seasonally less significant first half of the year, a very good performance in the context of on-going challenges in global commodity prices and the macro-economic environment.
- Operating profit increased by 13.0% (10.7% on a constant currency basis) to £221.2 million, driven by strong organic growth in DCC Energy and the prior year acquisition of Almo in DCC Technology. Adjusted earnings per share increased 9.1% to 146.4 pence per share.
- Interim dividend increased by 7.5% to 60.04 pence per share.
- Excellent period of acquisition activity with approximately £300 million committed to development since the Group's prior year results announcement in May 2022, including:
 - DCC Healthcare's recent completion of the acquisition of Medi-Globe, its largest acquisition to date, significantly expanding DCC Vital's presence in medical devices.
 - DCC Energy has completed several acquisitions which expand its services and renewable offering, including PVO, a leading international distributor of solar panels; Protech, which provides a wide range of renewable and energy efficient heating solutions; and Freedom Heat Pumps, one of the UK's largest distributors of air source heat pumps.
- DCC expects that the year ending 31 March 2023 will be another year of profit growth and development, notwithstanding the challenging macro environment at present.

¹ Constant currency ('CC') represents the retranslation of foreign denominated current year results at prior year exchange rates

² Excluding net exceptionals and amortisation of intangible assets

³ Net debt including lease creditors at 30 September 2022 was £1,118.3 million (30 September 2021: £390.3 million)

Donal Murphy, Chief Executive, commented:

“DCC reported strong growth in the seasonally less significant first half of our financial year. The Group continued to perform well in a volatile and challenging environment, reflecting our resilient business model and strong market positions.

We made good progress in delivering our priorities for the allocation of capital. During the period we committed approximately £300 million to acquisitions in the healthcare and energy services and renewables sectors. The acquisitions in the period are consistent with our aim to build a material position in the European healthcare sector and ensuring we are leading the decarbonisation of our energy customers. Our priorities are consistent with the growth opportunities we see in our chosen sectors of Energy, Healthcare and Technology and we continue to see substantial opportunity in these sectors.

I want to thank all our colleagues for their dedication in continuing to serve our customers with the essential products and services they need every day. We are leading the energy transition and accelerating our growth in the healthcare and technology sectors.”

Investor enquiries:

Kevin Lucey, Chief Financial Officer
Rossa White, Head of Group Investor Relations

Tel: +353 1 2799 400
Email: investorrelations@dcc.ie

Media enquiries:

Powerscourt (Eavan Gannon/Genevieve Ryan)

Tel: +44 20 7250 1446
Email: DCC@powerscourt-group.com

Presentation of results – audio webcast and conference call details

DCC will host a live audio webcast and conference call of the presentation at 09.00 today. The slides for this presentation can be downloaded from DCC's website, www.dcc.ie.

Please [click here](#) to access the webcast.

The access details for the conference call are as follows:

Ireland: +353 (0) 1 536 9584
UK: +44 (0) 203 936 2999
International: +44 (0) 203 936 2999
Passcode: 859286

This report, presentation slides and a replay of the audio will be made available at www.dcc.ie.

About DCC plc

DCC is a leading international sales, marketing and support services group with a clear focus on sustainable growth. DCC is an ambitious and entrepreneurial business operating in 23 countries, supplying products and services used by millions of people every day. Building strong routes to market, driving for results, focusing on cash conversion and generating superior sustainable returns on capital employed enable the Group to reinvest in its business, creating value for its stakeholders.

Headquartered in Dublin, the Group operates across three sectors: energy, healthcare and technology, employing over 16,000 people. DCC plc is listed on the London Stock Exchange and is a constituent of the FTSE 100. In its financial year ended 31 March 2022, DCC generated revenue of £17.7 billion and adjusted operating profit of £589.2 million.

DCC has an excellent record, delivering compound annual growth of 14% in adjusted operating profit and generating an average return on capital employed of approximately 19% over 28 years as a public company.

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Forward-looking statements

This announcement contains some forward-looking statements that represent DCC's expectations for its business, based on current expectations about future events, which by their nature involve risk and uncertainty. DCC believes that its expectations and assumptions with respect to these forward-looking statements are reasonable; however, because they involve risk and uncertainty as to future circumstances, which are in many cases beyond DCC's control, actual results or performance may differ materially from those expressed in or implied by such forward-looking statements.

Divisional Performance Reviews

DCC Energy	2022	2021	% change	% change CC
Volumes (billion litres equivalent)¹	7.197bn	7.060bn	+1.9%	
Operating profit	£132.5m	£118.4m	+11.9%	+12.4%
Operating profit per litre	1.84ppl	1.68ppl		

DCC Energy recorded strong operating profit growth in the seasonally less significant first half of the financial year. Operating profit increased by 11.9% (12.4% on a constant currency basis) to £132.5 million. Volumes grew 1.9%, driven by acquisitions completed in the prior year as well as a rebound in commercial and hospitality demand during the first quarter versus the Covid-19 restrictions experienced in the prior year. DCC Energy continued to make good progress during the first half in expanding its capability and broadening its customer offering in energy services and renewables and this was an important contributor to the profit growth in the period. The business invested both organically and through acquisition in capabilities across solar, heat pumps, renewables (both liquid and electricity) and energy services, further strengthening its capability to lead the energy transition.

Energy Solutions	2022	2021	% change	% change CC
Volumes (billion litres equivalent)	4.816bn	4.685bn	+2.8%	
Operating profit	£78.1m	£68.0m	+14.9%	+15.4%
Operating profit per litre	1.62ppl	1.45ppl		

Energy Solutions sold 4.8 billion litres in the first half of the year, an increase of 2.8% over the prior year. The business benefited from the first-time contribution of Naturgy Ireland (acquired December 2021), while commercial and industrial volumes also increased, reflecting improved activity after the lifting of almost all Covid-19 related restrictions which were a feature in the first quarter of the prior year.

Energy Solutions Continental Europe saw good demand from domestic and commercial customers, leveraging the strong supply positions the business has established across its markets. In France, the business performed well, notwithstanding the significant volatility experienced in the natural gas and power sector of the market. The Austrian business performed strongly, benefiting from its strong supply position and good cost control. The businesses in Benelux and Germany both performed well, continuing to see the benefit of recently integrated acquisitions. The solar photovoltaic service offering continued to develop and will be significantly enhanced by the recently completed acquisition of PVO, a leading international distributor of solar PV and related energy products.

Energy Solutions Britain and Ireland performed well during the first half of the financial year, benefiting from the organic and acquisitive expansion of its product and service offering in recent years. The business continued its rollout of biofuels for commercial and domestic customers and delivered good growth in lubricants. The business also benefited from the acquisition of Naturgy Ireland, which continues to develop its offering of renewable solutions such as biogas, renewable electricity and solar. The acquisition of Protech, which designs and installs combined heat and power units for commercial and industrial customers, has strengthened the service offering in renewable solutions. The business also recently acquired Freedom Heat Pumps, a leading value-added distributor of air source heat pumps and accessories in the UK. The acquisition further expands DCC Energy's range of solutions, products, supplier relationships and technical expertise in the sales and marketing of heat pump solutions to domestic and commercial customers.

¹ Billion litres equivalent provides a standard metric for the different products and solutions that DCC Energy sells. Metric tonnes and kilowatts of power are converted to litres. Separately, much of the services and renewables that DCC Energy provides do not have associated volumes such as solar installations, heat pump solutions, energy efficiency services, lubricants and refrigerants.

Energy Solutions North America saw robust volume demand notwithstanding the significantly higher energy prices throughout the period. The business has continued to integrate acquisitions completed in the prior year and has also further strengthened its management and technology infrastructure and continued to build its acquisition pipeline. **Energy Solutions Nordics** achieved excellent volume growth driven by strong commercial demand. Combined with a good supply position, operating profit grew strongly in the first half of the year.

Mobility	2022	2021	% change	% change CC
Volumes (billion litres equivalent)	2.381bn	2.374bn	+0.3%	
Operating profit	£54.4m	£50.4m	+7.7%	+8.4%
Operating profit per litre	2.28ppl	2.12ppl		

The Mobility business recorded strong growth in operating profit in the first half of the financial year and expanded its presence in renewable products and services. Volumes were modestly ahead of the prior year. The business benefited from the full lifting of Covid-19 restrictions in the first quarter, although summer volumes were lower as holidaymakers travelled less by road relative to the prior year. The business also benefited modestly from the first-time contribution of the retail network in Luxembourg (acquired September 2021).

In France, the business performed strongly in what was a difficult operating environment, led by a very good supply chain and logistics performance. The business continued its investment in cleaner fuels and energy transition. The business achieved good growth in E85 fuel volume after the investment in the prior year, while the fast-charging infrastructure on the motorway network (in partnership with Engie) will be operational before the end of the financial year. The business also traded well in the Nordic region and invested in new energy infrastructure by doubling its number of EV fast chargers since the end of the last financial year. The Mobility business in the UK achieved good growth, leveraging investments completed in the prior year.

DCC Healthcare	2022	2021	% change	% change CC
Revenue	£377.7m	£384.2m	-1.7%	-3.9%
Operating profit	£43.2m	£50.2m	-13.9%	-16.0%
Operating margin	11.4%	13.1%		

DCC Healthcare saw operating profits decline in the first half of the financial year. As anticipated, this reflects the very strong prior year comparatives, lower Covid-19 related sales and the impact of labour availability, inflation and supply chain issues. Over the last two financial years DCC Healthcare has enhanced the scale and strategic positioning of the business through acquisitions in the US and continental Europe, and delivered very strong organic growth. Compound annual growth in operating profit over this two-year period was 34%, approximately half of which was organic. DCC Healthcare expects to report profit growth for the full year driven by organic growth in the second half of the year and the benefit of the recently completed Medi-Globe acquisition.

DCC Vital, which is focused on the sales and marketing of medical products to healthcare providers, was impacted by reduced Covid-19 related sales in the first half of the financial year. The underlying business performed well, growing strongly in medical devices in Britain, as elective procedures began to recover. Sales of anaesthesia and cardiac monitoring products in particular rebounded well. DCC Vital also generated strong growth in primary care, particularly in Germany which recorded good organic growth and benefited from two modest bolt-on acquisitions. The ability of healthcare systems to ramp up elective procedures since the pandemic has been hampered by supply chain issues and clinical staff shortages; DCC Vital remains well placed to benefit from the continued recovery in activity as healthcare systems address these issues.

DCC Vital recently completed the acquisition of Medi-Globe, DCC Healthcare's largest acquisition to date. The acquisition significantly expands DCC Vital's presence in the European healthcare market, following on from the acquisition of primary care supplier Wörner Medical in May 2021. The combination of DCC Vital's existing medical devices activities with Medi-Globe will create a leading international platform in single-use medical devices for minimally invasive procedures, with strong product development capability.

DCC Health & Beauty Solutions provides outsourced solutions to international nutrition and beauty brand owners. During the first half of the year the business was impacted by labour availability, inflation and supply chain issues as the world emerged from the Covid-19 pandemic. In Europe, the business saw reduced demand from nutritional brands who destocked following the very strong growth of recent years. In the US, the business performed well despite the challenging labour and supply chain environment, generating excellent growth in sales of effervescent products to leading US nutrition brands. The beauty sales mix was impacted by reduced demand from some premium beauty brands. DCC Health & Beauty Solutions continued to invest in expanding capacity and enhancing capability across its manufacturing facilities, including progressing its nutritional gummy manufacturing capability in both the UK and the US.

DCC Technology	2022	2021	% change	% change CC
Revenue	£2.541bn	£1.985bn	+28.0%	+27.4%
Operating profit	£45.5m	£27.2m	+67.4%	+52.7%
Operating margin	1.8%	1.4%		

DCC Technology recorded very strong revenue and profit growth in the first half of the year, driven by the acquisition of Almo (acquired December 2021). Operating profit increased by 67.4% (52.7% on a constant currency basis) to £45.5 million. The slowdown in consumer confidence due to the challenging macro environment began to have an impact across all markets during the period, although the impact has varied by geography and end-user category. DCC Technology has improved margins and exercised tight cost control in the period.

Market conditions were most challenging in the consumer product sectors, due to the impact on consumer confidence of the substantial increase in the cost-of-living and uncertain economic outlook. This was most evident in continental Europe and the UK but was also a feature in North America. Demand in higher-margin B2B sectors, such as Pro AV and Pro Audio products, held up well as businesses generally maintained planned investment in their technology infrastructure. The supply chain issues experienced by the global technology market have improved, which has reduced product shortages.

The North American business performed robustly in the first half of the year, albeit behind expectations. Revenue and operating profit were significantly ahead of the prior year due to the acquisition of Almo and growth in the Pro AV and Pro Audio sectors. The performance of consumer products was mixed; demand for domestic and premium appliances and consumer electronics was robust, but the market generally experienced much weaker demand during the summer months for certain product segments, such as air-conditioners. During the period the business successfully integrated its pre-existing Pro AV business with the Pro AV operations of Almo to create the largest distributor of Pro AV equipment in North America. Following the progress made in recent years, DCC Technology now has a very strong platform to develop and expand its business in North America.

The more pronounced economic uncertainty in Europe compared with the US led to lower demand in continental European markets. Revenue declined year on year, particularly for consumer products in the retail and etail channels, but margin improvement and good cost control limited the impact on profitability. Consistent with trends seen elsewhere, activity in the B2B sectors in France and the Pro AV businesses across the Nordics and DACH region performed well.

In the UK and Ireland, the business performed robustly and in line with expectations, notwithstanding the impact of the economic environment on demand. The UK business benefited from more stable operating conditions following constraints last year caused by supply chain and labour shortages and the implementation of new warehouse management systems. The business in Ireland recorded good organic revenue and operating profit growth in the first half of the financial year.

Group Financial Review

A summary of the Group's results for the six months ended 30 September 2022 is as follows:

	2022 £'m	2021 £'m	% change
Revenue	<u>10,837</u>	<u>7,518</u>	+44.1%
Adjusted operating profit¹			
DCC Energy	132.5	118.4	+11.9%
DCC Healthcare	43.2	50.2	-13.9%
DCC Technology	<u>45.5</u>	<u>27.2</u>	+67.4%
Group adjusted operating profit¹	221.2	195.8	+13.0%
Finance costs (net) and other	<u>(31.9)</u>	<u>(26.9)</u>	
Profit before net exceptionals, amortisation of intangible assets and tax	189.3	168.9	+12.1%
Net exceptional charge before tax and non-controlling interests	(6.6)	(17.3)	
Amortisation of intangible assets	<u>(50.4)</u>	<u>(36.6)</u>	
Profit before tax	132.3	115.0	
Taxation	<u>(27.1)</u>	<u>(24.3)</u>	
Profit after tax	105.2	90.7	
Non-controlling interests	<u>(7.7)</u>	<u>(6.2)</u>	
Attributable profit	<u>97.5</u>	<u>84.5</u>	
Adjusted earnings per share¹	146.4 pence	134.2 pence	+9.1%
Dividend per share	60.04 pence	55.85 pence	+7.5%
Free cash flow²	37.6	12.3	
Net debt at 30 September (excluding lease creditors)	782.3	54.1	
Lease creditors	<u>336.0</u>	<u>336.2</u>	
Net debt at 30 September (including lease creditors)	<u>1,118.3</u>	<u>390.3</u>	

¹ Excluding net exceptionals and amortisation of intangible assets
² After net working capital and net capital expenditure but before net exceptionals, interest and tax payments

Income Statement Review

Reporting currency

The Group's financial statements are presented in sterling, denoted by the symbol '£'. The principal exchange rates used for the translation of results into sterling are set out in note 4, Reporting Currency, on page 22.

The net impact of currency translation on the Group income statement versus the prior period added approximately 2.3% to the reported growth in operating profit, primarily due to the weakening of the average sterling exchange rate versus the US Dollar.

Revenue

Overall, Group revenue increased by 44.1% (44.4% on a constant currency basis) to £10.837 billion, primarily due to significantly higher revenues in DCC Energy where commodity prices were materially higher than during the first six months of the prior year.

DCC Energy sold 7.2 billion litres of product in the first half, a 1.9% increase versus the prior year. Volume growth was driven by acquisitions completed in the prior year as well as a rebound in commercial and hospitality demand during the first quarter versus the Covid-19 restrictions experienced in the prior year.

Combined revenue in DCC Healthcare and DCC Technology was £2.9 billion, an increase of 23.2% reflecting the acquisition of Almo which was completed in the second half of the prior year.

Group adjusted operating profit

Group adjusted operating profit increased by 13.0% to £221.2 million (10.7% ahead on a constant currency basis), in the seasonally less significant first half of the year, driven by good organic growth in DCC Energy and the prior year acquisition of Almo in DCC Technology. This represents a very good performance in the context of on-going challenges in global commodity prices and the macro-economic environment. Following very strong growth in the prior year, operating profit was in line with the prior year organically. Strong organic growth in DCC Energy was offset by the more difficult trading environment across DCC Healthcare and DCC Technology.

DCC Energy traded strongly during a period of significant volatility in energy markets. Operating profit increased by 11.9% (12.4% on a constant currency basis) to £132.5 million.

As anticipated, operating profit in DCC Healthcare declined by 13.9% reflecting the very strong prior year comparatives, lower Covid-19 related sales and the impact of labour availability, inflation and supply chain issues. DCC Healthcare expects to report profit growth for the full year overall driven by organic growth in the second half of the year and the benefit of the recently completed Medi-Globe acquisition.

DCC Technology recorded very strong growth benefiting from the acquisition of the Almo which completed in the second half of the prior financial year. Operating profit increased 67.4% to £45.5 million (52.7% ahead on a constant currency basis).

Finance costs (net) and other

Net finance and other costs increased to £31.9 million (2021: £26.9 million), primarily reflecting increased average gross debt and the increasing interest rate environment. Average net debt, excluding lease creditors, in the period was £883 million, compared to an average net debt of £211 million in the prior year. The increase in average net debt excluding lease creditors reflects the acquisition activity in the second half of the prior year, particularly the acquisition of Almo.

Profit before net exceptional items, amortisation of intangible assets and tax

Profit before net exceptional items, amortisation of intangible assets and tax increased by 12.1% to £189.3 million.

Net exceptional items and amortisation of intangible assets

The Group recorded a net exceptional charge after tax of £7.0 million in the first six months of the year as follows:

	£'m
Acquisition and related costs	5.1
Restructuring and integration costs and other	4.0
IAS 39 mark-to-market gain	<u>(2.5)</u>
	6.6
Tax attaching to exceptional items	<u>0.4</u>
Net exceptional charge	<u>7.0</u>

Acquisition and related costs include the professional fees and tax costs relating to the evaluation and completion of acquisition opportunities and amounted to £5.1 million.

Restructuring and integration costs and other of £4.0 million relates to the restructuring of operations across a number of businesses and acquisitions.

The level of ineffectiveness calculated under IAS 39 on the hedging instruments related to the Group's US private placement debt is charged or credited as an exceptional item. In the six months ended 30 September 2022, this amounted to an exceptional non-cash gain of £2.5 million. The cumulative net exceptional credit taken in respect of IAS 39 ineffectiveness is £3.0 million. This, or any subsequent similar non-cash charges or gains, will net to zero over the remaining term of this debt and the related hedging instruments.

The charge for the amortisation of acquisition related intangible assets increased to £50.4 million from £36.6 million in the prior year, with the increase primarily reflecting acquisitions, notably Almo, completed during the second half of the prior year.

Profit before tax

Profit before tax increased to £132.3 million.

Taxation

The effective tax rate for the Group in the first half of the year of 19.5% is based on the anticipated mix of profits for the full year. It compares to a full year effective tax rate in the prior year of 18.3%, with the increase reflecting the increasingly international footprint of the Group.

Adjusted earnings per share

Adjusted earnings per share increased by 9.1% to 146.4 pence, reflecting the increase in profit before exceptional items and goodwill amortisation.

Dividend

The Board has decided to pay an interim dividend of 60.04 pence per share, which represents a 7.5% increase on the prior year interim dividend of 55.85 pence per share. This dividend will be paid on 9 December 2022 to shareholders on the register at the close of business on 18 November 2022.

Cash Flow, Development & Financial Strength

Cash flow

As with its operating profit, the Group's operating cash flow is significantly weighted towards the second half of the year. The cash flow of the Group for the six months ended 30 September 2022 can be summarised as follows:

Six months ended 30 September	2022 £'m	2021 £'m
Group operating profit	221.2	195.8
Increase in working capital	(151.3)	(183.2)
Depreciation (excluding ROU leased assets) and other	<u>76.0</u>	<u>70.2</u>
Operating cash flow (pre add-back for depreciation on ROU leased assets)	145.9	82.8
Capital expenditure (net)	<u>(103.9)</u>	<u>(67.0)</u>
	42.0	15.8
Depreciation on ROU leased assets	35.6	32.4
Repayment of lease creditors	<u>(40.0)</u>	<u>(35.9)</u>
Free cash flow	37.6	12.3
Interest and tax paid, net of dividend from equity accounted investments	<u>(59.5)</u>	<u>(53.4)</u>
Free cash flow (after interest and tax)	(21.9)	(41.1)
Acquisitions	(41.7)	(162.4)
Dividends	(117.2)	(106.8)
Exceptional items	(2.5)	(9.8)
Share issues	<u>0.3</u>	<u>0.4</u>
Net outflow	(183.0)	(319.7)
Opening net debt	(756.6)	(150.2)
Translation and other	<u>(178.7)</u>	<u>79.6</u>
Closing net debt (including lease creditors)	<u>(1,118.3)</u>	<u>(390.3)</u>
Analysis of closing net debt (including lease creditors):		
Net debt at 30 September (excluding lease creditors)	(782.3)	(54.1)
Lease creditors at 30 September	<u>(336.0)</u>	<u>(336.2)</u>
	<u>(1,118.3)</u>	<u>(390.3)</u>

As expected, working capital increased by £151.3 million in the first half of the financial year, reflecting the typical seasonal outflow across the Group. The net investment through the period in working capital reflects the increasing scale of the Group's activities and seasonal working capital requirements, particularly in DCC Technology and an investment in inventory across the Energy Solutions business to underpin service levels to customers. The absolute value of working capital at 30 September 2022 was £448.8 million versus £25.2 million (negative) at 30 September 2021, principally reflecting the prior year acquisition of Almo and the aforementioned investment across DCC Energy. Overall working capital days at 30 September 2022 was 6.8 days sales (2021: negative 0.5 days sales) reflecting recently completed acquisitions. DCC Technology selectively uses supply chain financing solutions to sell, on a non-recourse basis, a portion of its receivables relating to certain larger supply chain/sales and marketing activities. The level of supply chain financing at 30 September 2022 was £159.3 million (2021: £125.9 million), with the modest increase reflecting higher revenues in the UK business following constraints in the prior year caused by product supply disruption and warehouse upgrades. Supply chain financing had a positive impact on Group working capital days of 2.4 days (30 September 2021: 2.5 days).

Net capital expenditure for the six months amounted to £103.9 million (2021 £67.0 million), was net of disposal proceeds of £7.8 million, and reflects continued investment in development initiatives across the Group.

Capital expenditure in DCC Energy primarily comprised expenditure on tanks, cylinders, depot infrastructure and installations and the continued rollout of 'Click and Collect' services, supporting new and existing customers in Energy Solutions. There was also continued development spend in relation to the Avonmouth LPG storage facility in the UK. In Mobility, there was investment in retail sites and upgrades across the business, including adding further lower emission product capability such as EV fast charging and related services in the Nordics. In DCC Healthcare, the capital expenditure primarily related to increased manufacturing capability and capacity across DCC Health & Beauty Solutions, including investments in progressing gummy capability in Europe and the US. Capital expenditure in DCC Technology included a new fleet of electric forklift trucks in North America along with warehouse and IT developments across the division as part of the programme of continuous system improvement. Net capital expenditure for the Group exceeded the depreciation charge of £69.6 million (excluding right-of-use leased assets) in the period by £34.3 million.

Free cash flow in the six months ended 30 September 2022 of £37.6 million compares to £12.3 million in the prior year.

Total cash spend on acquisitions in the six months to 30 September 2022

The total cash spend on acquisitions in the six months ended 30 September 2022 was £41.7 million. This included the completion of the acquisition of the Danish biogas plant, Frijsenborg Biogas, in DCC Energy and a German primary care bolt-on acquisition in DCC Healthcare which were announced in the prior year Results Announcement in May 2022. Payment of deferred and contingent acquisition consideration previously provided amounted to £10.4 million.

Committed acquisition and capital expenditure

Committed acquisition and capital expenditure in the period amounted to £407.5 million as follows:

	Acquisitions	Capex	Total
	£'m	£'m	£'m
DCC Energy	90.6	87.1	177.7
DCC Healthcare	213.0	12.3	225.3
DCC Technology	—	4.5	4.5
Total	303.6	103.9	407.5

Acquisition activity

The Group continues to be active from a development perspective. Acquisition expenditure committed by the Group since the prior year results announcement on 17 May 2022 amounted to c.£300 million and included:

DCC Energy

PVO

In November 2022, DCC completed the acquisition of PVO International BV ("PVO"), a leading distributor of solar panels, invertors, batteries and accessories used in the commercial, industrial and domestic energy sectors across continental Europe. PVO was established in 2014 and has grown rapidly to become one of the leading solar solutions suppliers in Europe, with a market-leading position in the Benelux, and growing positions in eight other European countries including Germany, Poland and Finland. The business is headquartered in Rosmalen, the Netherlands, and employs approximately 50 people.

PVO is an excellent strategic fit for DCC. It will leverage PVO's established market position in the fast-growing solar PV market and DCC Energy's knowledge and experience in transitioning customers to cleaner energy products and services including solar solutions. The majority of the consideration for PVO was payable in cash on completion, followed by earn out payments over three years based on PVO's future trading.

Protech Group

DCC Energy acquired Protech Group in June 2022. Established in 2008, Protech Group provides a wide range of renewable and energy efficient heating solutions to commercial and industrial customers across the UK. The acquisition of Protech strengthens the range of low carbon and renewable technologies for customers in the UK, as well as market leading maintenance and services offerings.

DCC Energy also completed a number of small complementary bolt-on acquisitions in the period in Sweden and Norway and a solar business in Austria.

Freedom Heat Pumps

In October 2022, DCC Energy completed the acquisition of Freedom Heat Pumps ("Freedom"). Freedom is one of the UK's largest distributors of air source heat pumps and accessories required for installation into residential properties, offering a value-added distribution model, including pre and post-sales technical support to installers. Freedom has approximately 400 active customers including heat pump installers, builders' merchants, and smaller distributors. The acquisition of Freedom is in line with DCC Energy's strategy of accelerating the net zero journey of its customers and investing in capabilities to build a strong position in the sales, marketing and distribution of renewable energy products and services.

Frijsenborg Biogas

In July 2022, DCC Energy entered a joint venture to become co-owner of one of Denmark's largest farming biogas plants, Frijsenborg Biogas. The investment expands DCC Energy's position in the gas market at a time of progress for Danish biogas and enables DCC to provide biogas solutions to its customers in the region.

DCC Healthcare

Medi-Globe

In October 2022, DCC Healthcare completed the acquisition of Medi-Globe Technologies GmbH ("Medi-Globe"), an international medical devices business focused on minimally invasive procedures. The acquisition was based on an enterprise value of approximately €245 million (£213 million) on a cash-free, debt-free basis.

Medi-Globe, founded in 1990, is involved in the development, manufacture and distribution of single-use devices for endoscopy in diagnostic and therapeutic procedures. The business has grown organically and through bolt-on acquisitions to become a leading global player in its focus areas of gastroenterology and urology. These are large and growing therapeutic areas, benefiting from strong demographic and treatment trends. Medi-Globe has revenues of approximately €120 million (£104 million) and employs approximately 600 people. Its products are sold to hospitals and procurement organisations in over 120 countries through direct sales operations in Germany, France, Austria, Netherlands, Czechia and Brazil, and an international network of distributors.

In May 2022, DCC Healthcare completed its second primary care bolt-on acquisition in Germany following its initial market entry through the Wörner acquisition in April 2021.

Financial strength

An integral part of the Group's strategy is the maintenance of a strong and liquid balance sheet which, among other benefits, enables it to take advantage of development opportunities as they arise. At 30 September 2022, the Group had net debt (excluding lease creditors) of £782.3 million, cash of approximately £1.2 billion and undrawn committed bank facilities of £338 million. Lease creditors at the same date amounted to £336.0 million. In October 2022, DCC successfully raised a private placement issuance equivalent to £647.7 million to be drawn down in December 2022 to refinance existing indebtedness.

Substantially all of the Group's term debt has been raised in the US private placement market and has an average maturity of 4.3 years (6.1 years pro-forma for the recent private placement transaction).

Management appointments

Dr. Fabian Ziegler commenced his role as CEO, DCC Energy on 1 November 2022. Fabian has extensive senior leadership experience in the energy sector having held various senior management roles in Shell plc during his 26-year career. He was Country Chair of Shell Germany and Chair of the Management Board with responsibility for Shell's businesses (upstream, downstream, power and renewables) in the DACH region. In his previous role Fabian was at the forefront of energy transition having developed and driven Shell's net zero emissions plans for the region. Prior to this, Fabian was the Chief Procurement Officer for the Shell Group. He has also led major global transformation programmes and has held various general management roles in fuels, lubricants and LPG. The breadth of Fabian's leadership experience in the energy sector, coupled with his ambition to drive the energy transition, will enable DCC to accelerate its *Leading with Energy* strategy.

Following Fabian's appointment, Eddie O'Brien has moved into the role of Group Chief Strategy & Sustainability Officer, from his role as Interim CEO, DCC Energy.

DCC recently appointed Clive Fitzharris as Managing Director of DCC Technology and he will also join the Group Management Team. Clive was previously Managing Director of DCC Technology's operations in North America and Continental Europe. Clive joined DCC in 2009 and has held a number of senior management positions across the Group, including as Group Head of Strategy & Development. Clive succeeds Tim Griffin, who has been appointed as CEO of DCC Technology's volume distribution businesses in the UK, Ireland, the Middle East and France.

Principal risks and uncertainties

The Board of DCC is responsible for the Group's risk management and internal control systems, which are designed to identify, manage and mitigate material risks to the achievement of the Group's strategic and business objectives. The Board has approved a Risk Management Policy which sets out delegated responsibilities and procedures for the management of risk across the Group.

The principal risks and uncertainties facing the Group in the short to medium term, as set out on pages 97 to 101 of the 2022 Annual Report (together with the principal mitigation measures), continue to be the principal risks and uncertainties facing the Group for the remaining six months of the financial year.

This is not an exhaustive statement of all relevant risks and uncertainties. Matters which are not currently known to the Board or events which the Board considers to be of low likelihood could emerge and give rise to material consequences. The mitigation measures that are in place in relation to identified risks are designed to provide a reasonable and proportionate, and not an absolute, level of protection against the impact of the events in question.

Group Income Statement

	Notes	Unaudited 6 months ended 30 September 2022			Unaudited 6 months ended 30 September 2021			Audited year ended 31 March 2022		
		Pre exceptionals	Exceptionals (note 6)	Total	Pre exceptionals	Exceptionals (note 6)	Total	Pre exceptionals	Exceptionals (note 6)	Total
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Revenue	5	10,837,130	-	10,837,130	7,518,329	-	7,518,329	17,732,020	-	17,732,020
Cost of sales		(9,759,622)	-	(9,759,622)	(6,621,722)	-	(6,621,722)	(15,694,347)	-	(15,694,347)
Gross profit		1,077,508	-	1,077,508	896,607	-	896,607	2,037,673	-	2,037,673
Administration expenses		(341,072)	-	(341,072)	(280,674)	-	(280,674)	(517,128)	-	(517,128)
Selling and distribution expenses		(523,803)	-	(523,803)	(430,615)	-	(430,615)	(965,489)	-	(965,489)
Other operating income/(expenses)		8,540	(9,045)	(505)	10,463	(18,305)	(7,842)	34,178	(46,534)	(12,356)
Adjusted operating profit		221,173	(9,045)	212,128	195,781	(18,305)	177,476	589,234	(46,534)	542,700
Amortisation of intangible assets		(50,405)	-	(50,405)	(36,566)	-	(36,566)	(84,340)	-	(84,340)
Operating profit	5	170,768	(9,045)	161,723	159,215	(18,305)	140,910	504,894	(46,534)	458,360
Finance costs		(41,469)	-	(41,469)	(39,355)	-	(39,355)	(77,205)	-	(77,205)
Finance income		10,185	2,504	12,689	12,056	967	13,023	23,075	1,192	24,267
Equity accounted investments' profit after tax		(606)	-	(606)	390	-	390	314	-	314
Profit before tax		138,878	(6,541)	132,337	132,306	(17,338)	114,968	451,078	(45,342)	405,736
Income tax expense	7	(26,630)	(498)	(27,128)	(24,089)	(184)	(24,273)	(81,235)	1,501	(79,734)
Profit after tax for the financial period		112,248	(7,039)	105,209	108,217	(17,522)	90,695	369,843	(43,841)	326,002
Profit attributable to:										
Owners of the Parent Company		104,474	(6,948)	97,526	102,029	(17,522)	84,507	356,214	(43,841)	312,373
Non-controlling interests		7,774	(91)	7,683	6,188	-	6,188	13,629	-	13,629
		112,248	(7,039)	105,209	108,217	(17,522)	90,695	369,843	(43,841)	326,002
Earnings per ordinary share										
Basic earnings per share	8			98.83p			85.71p			316.78p
Diluted earnings per share	8			98.77p			85.66p			316.36p
Adjusted basic earnings per share	8			146.42p			134.24p			430.11p
Adjusted diluted earnings per share	8			146.32p			134.16p			429.55p

Group Statement of Comprehensive Income

	Unaudited 6 months ended 30 Sept. 2022 £'000	Unaudited 6 months ended 30 Sept. 2021 £'000	Audited year ended 31 March 2022 £'000
Group profit for the period	105,209	90,695	326,002
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Currency translation	166,078	17,481	26,549
Movements relating to cash flow hedges	(59,784)	105,035	88,776
Movement in deferred tax liability on cash flow hedges	10,089	(19,065)	(16,138)
	<u>116,383</u>	<u>103,451</u>	<u>99,187</u>
Items that will not be reclassified to profit or loss			
Group defined benefit pension obligations:			
- remeasurements	3,685	(2,747)	(748)
- movement in deferred tax asset	(719)	494	210
	<u>2,966</u>	<u>(2,253)</u>	<u>(538)</u>
Other comprehensive income for the period, net of tax	<u>119,349</u>	<u>101,198</u>	<u>98,649</u>
Total comprehensive income for the period	<u>224,558</u>	<u>191,893</u>	<u>424,651</u>
Attributable to:			
Owners of the Parent Company	214,010	185,077	411,485
Non-controlling interests	<u>10,548</u>	<u>6,816</u>	<u>13,166</u>
	<u>224,558</u>	<u>191,893</u>	<u>424,651</u>

Group Balance Sheet

	Notes	Unaudited 30 Sept. 2022 £'000	Unaudited 30 Sept. 2021 £'000	Audited 31 March 2022 £'000
ASSETS				
Non-current assets				
Property, plant and equipment		1,333,779	1,171,866	1,253,349
Right-of-use leased assets		326,306	328,432	327,551
Intangible assets and goodwill		2,791,596	2,343,529	2,634,449
Equity accounted investments		46,864	26,891	26,843
Deferred income tax assets		58,924	30,974	54,494
Derivative financial instruments		143,547	126,079	118,578
		<u>4,701,016</u>	<u>4,027,771</u>	<u>4,415,264</u>
Current assets				
Inventories		1,454,627	941,545	1,133,666
Trade and other receivables		2,218,757	1,557,229	2,508,613
Derivative financial instruments		178,101	150,744	107,361
Cash and cash equivalents		1,258,065	1,437,725	1,394,272
		<u>5,109,550</u>	<u>4,087,243</u>	<u>5,143,912</u>
Total assets		<u>9,810,566</u>	<u>8,115,014</u>	<u>9,559,176</u>
EQUITY				
Capital and reserves attributable to owners of the Parent Company				
Share capital		17,422	17,422	17,422
Share premium		883,652	883,318	883,321
Share based payment reserve	10	50,960	44,531	47,436
Cash flow hedge reserve	10	36,073	99,100	85,768
Foreign currency translation reserve	10	250,485	77,113	87,272
Other reserves	10	932	932	932
Retained earnings		1,766,614	1,607,747	1,783,033
Equity attributable to owners of the Parent Company		<u>3,006,138</u>	<u>2,730,163</u>	<u>2,905,184</u>
Non-controlling interests		75,661	66,582	65,379
Total equity		<u>3,081,799</u>	<u>2,796,745</u>	<u>2,970,563</u>
LIABILITIES				
Non-current liabilities				
Borrowings		1,851,052	1,568,450	1,933,482
Lease creditors		270,188	275,859	273,164
Derivative financial instruments		51,789	-	10,330
Deferred income tax liabilities		259,590	198,237	259,796
Post employment benefit obligations	13	(11,761)	(5,517)	(7,745)
Provisions for liabilities		306,536	282,641	284,191
Acquisition related liabilities		72,680	74,942	72,650
Government grants		352	367	356
		<u>2,800,426</u>	<u>2,394,979</u>	<u>2,826,224</u>
Current liabilities				
Trade and other payables		3,250,559	2,548,083	3,468,705
Current income tax liabilities		64,268	41,744	59,963
Borrowings		379,746	147,108	67,668
Lease creditors		65,770	60,322	63,538
Derivative financial instruments		79,426	53,140	28,634
Provisions for liabilities		62,137	47,723	50,279
Acquisition related liabilities		26,435	25,170	23,602
		<u>3,928,341</u>	<u>2,923,290</u>	<u>3,762,389</u>
Total liabilities		<u>6,728,767</u>	<u>5,318,269</u>	<u>6,588,613</u>
Total equity and liabilities		<u>9,810,566</u>	<u>8,115,014</u>	<u>9,559,176</u>
Net debt included above (excluding lease creditors)	11	<u>(782,300)</u>	<u>(54,150)</u>	<u>(419,903)</u>

Group Statement of Changes in Equity

For the six months ended 30 September 2022

	Attributable to owners of the Parent Company					Non-controlling interests £'000	Total equity £'000
	Share capital £'000	Share premium £'000	Retained earnings £'000	Other reserves (note 10) £'000	Total £'000		
At 1 April 2022	17,422	883,321	1,783,033	221,408	2,905,184	65,379	2,970,563
Profit for the period	-	-	97,526	-	97,526	7,683	105,209
Currency translation	-	-	-	163,213	163,213	2,865	166,078
Group defined benefit pension obligations:							
- remeasurements	-	-	3,685	-	3,685	-	3,685
- movement in deferred tax asset	-	-	(719)	-	(719)	-	(719)
Movements relating to cash flow hedges	-	-	-	(59,784)	(59,784)	-	(59,784)
Movement in deferred tax liability on cash flow hedges	-	-	-	10,089	10,089	-	10,089
Total comprehensive income	-	-	100,492	113,518	214,010	10,548	224,558
Re-issue of treasury shares	-	331	-	-	331	-	331
Share based payment	-	-	-	3,524	3,524	-	3,524
Dividends	-	-	(116,911)	-	(116,911)	(266)	(117,177)
At 30 September 2022	17,422	883,652	1,766,614	338,450	3,006,138	75,661	3,081,799

For the six months ended 30 September 2021

	Attributable to owners of the Parent Company					Non-controlling interests £'000	Total equity £'000
	Share capital £'000	Share premium £'000	Retained earnings £'000	Other reserves (note 10) £'000	Total £'000		
At 1 April 2021	17,422	882,924	1,631,797	115,291	2,647,434	58,210	2,705,644
Profit for the period	-	-	84,507	-	84,507	6,188	90,695
Currency translation	-	-	-	16,853	16,853	628	17,481
Group defined benefit pension obligations:							
- remeasurements	-	-	(2,747)	-	(2,747)	-	(2,747)
- movement in deferred tax asset	-	-	494	-	494	-	494
Movements relating to cash flow hedges	-	-	-	105,035	105,035	-	105,035
Movement in deferred tax liability on cash flow hedges	-	-	-	(19,065)	(19,065)	-	(19,065)
Total comprehensive income	-	-	82,254	102,823	185,077	6,816	191,893
Re-issue of treasury shares	-	394	-	-	394	-	394
Share based payment	-	-	-	3,562	3,562	-	3,562
Non-controlling interest arising on acquisition	-	-	-	-	-	2,058	2,058
Dividends	-	-	(106,304)	-	(106,304)	(502)	(106,806)
At 30 September 2021	17,422	883,318	1,607,747	221,676	2,730,163	66,582	2,796,745

Group Cash Flow Statement

		Unaudited 6 months ended 30 Sept. 2022 £'000	Unaudited 6 months ended 30 Sept. 2021 £'000	Audited year ended 31 March 2022 £'000
	Notes			
Cash flows from operating activities				
Profit for the period		105,209	90,695	326,002
Add back non-operating expenses/(income)				
- tax		27,128	24,273	79,734
- share of equity accounted investments' profit		606	(390)	(314)
- net operating exceptionals	6	9,045	18,305	46,534
- net finance costs		28,780	26,332	52,938
Group operating profit before exceptionals		170,768	159,215	504,894
Share-based payments expense		3,524	3,562	6,467
Depreciation (including right-of-use leased assets)		105,223	101,428	205,780
Amortisation of intangible assets		50,405	36,566	84,340
Profit on disposal of property, plant and equipment		(1,872)	(3,746)	(8,916)
Amortisation of government grants		(9)	(9)	(20)
Other		4,703	1,470	4,614
Increase in working capital		(151,302)	(183,210)	(168,726)
Cash generated from operations before exceptionals		181,440	115,276	628,433
Exceptionals		(2,492)	(10,564)	(30,270)
Cash generated from operations		178,948	104,712	598,163
Interest paid (including lease interest)		(39,575)	(35,281)	(70,103)
Income tax paid		(34,668)	(34,894)	(76,292)
Net cash flows from operating activities		104,705	34,537	451,768
Investing activities				
Inflows:				
Proceeds from disposal of property, plant and equipment		7,797	11,148	23,524
Proceeds on disposal of equity accounted investment		-	778	772
Interest received		10,137	12,033	22,759
		17,934	23,959	47,055
Outflows:				
Purchase of property, plant and equipment		(111,671)	(78,187)	(194,353)
Acquisition of subsidiaries	12	(31,335)	(141,281)	(668,123)
Payment of accrued acquisition related liabilities		(10,378)	(21,140)	(52,006)
		(153,384)	(240,608)	(914,482)
Net cash flows from investing activities		(135,450)	(216,649)	(867,427)
Financing activities				
Inflows:				
Proceeds from issue of shares		331	394	397
Net cash inflow on derivative financial instruments		-	31,475	30,936
Increase in interest-bearing loans and borrowings		-	-	372,426
		331	31,869	403,759
Outflows:				
Repayment of interest-bearing loans and borrowings		-	(105,166)	(149,182)
Net cash outflow on derivative financial instruments		(8,188)	-	-
Repayment of lease creditors		(35,396)	(31,173)	(65,580)
Dividends paid to owners of the Parent Company	9	(116,911)	(106,304)	(160,599)
Dividends paid to non-controlling interests		(266)	(502)	(6,909)
		(160,761)	(243,145)	(382,270)
Net cash flows from financing activities		(160,430)	(211,276)	21,489
Change in cash and cash equivalents		(191,175)	(393,388)	(394,170)
Translation adjustment		42,588	11,761	3,878
Cash and cash equivalents at beginning of period		1,326,604	1,716,896	1,716,896
Cash and cash equivalents at end of period		1,178,017	1,335,269	1,326,604
Cash and cash equivalents consists of:				
Cash and short-term bank deposits	11	1,258,065	1,437,725	1,394,272
Overdrafts	11	(80,048)	(102,456)	(67,668)
		1,178,017	1,335,269	1,326,604

Notes to the Condensed Financial Statements

for the six months ended 30 September 2022

1. Basis of Preparation

The Group condensed interim financial statements which should be read in conjunction with the annual financial statements for the year ended 31 March 2022 have been prepared in accordance with the Transparency (Directive 2004/109/EC) Regulations 2007, the related Transparency rules of the Irish Financial Services Regulatory Authority and in accordance with IAS 34 *Interim Financial Reporting* as adopted by the European Union.

The preparation of the interim financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of certain assets, liabilities, revenues and expenses together with disclosure of contingent assets and liabilities. Estimates and underlying assumptions are reviewed on an ongoing basis.

These condensed interim financial statements for the six months ended 30 September 2022 and the comparative figures for the six months ended 30 September 2021 are unaudited and have not been reviewed by the Auditors. The summary financial statements for the year ended 31 March 2022 represent an abbreviated version of the Group's full accounts for that year, on which the Auditors issued an unqualified audit report and which have been filed with the Registrar of Companies.

2. Accounting Policies

The accounting policies and methods of computation adopted in the preparation of the Group condensed interim financial statements are consistent with those applied in the 2022 Annual Report and are described in those financial statements on pages 221 to 229.

The following changes to IFRS became effective for the Group during the period but did not result in material changes to the Group's consolidated financial statements:

- Onerous Contracts – Cost of Fulfilling a Contract – Amendments to IAS 37
- Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16
- Reference to the Conceptual Framework – Amendments to IFRS 3
- Annual Improvements to IFRS Standards 2018-2020

The Group has not applied certain new standards, amendments and interpretations to existing standards that have been issued but are not yet effective. They are either not expected to have a material effect on the consolidated financial statements or they are not currently relevant for the Group.

3. Going Concern

Having reassessed the principal risks facing the Group (as detailed on pages 97 to 101 of the 2022 Annual Report), the Directors believe that the Group is well placed to manage these risks successfully. No concerns or material uncertainties have been identified as part of our assessment.

The Directors have a reasonable expectation that DCC plc, and the Group as a whole, has adequate resources to continue in operational existence for the foreseeable future, a period of not less than twelve months from the date of this report. For this reason, the Directors continue to adopt the going concern basis of accounting in preparing the condensed interim financial statements.

Notes to the Condensed Financial Statements

for the six months ended 30 September 2022

4. Reporting Currency

The Group's financial statements are presented in sterling, denoted by the symbol '£'. Results and cash flows of operations based in non-sterling countries have been translated into sterling at average rates for the period, and the related balance sheets have been translated at the rates of exchange ruling at the balance sheet date. The principal exchange rates used for translation of results and balance sheets into sterling were as follows:

	Average rate			Closing rate		
	6 months ended 30 Sept. 2022 Stg£1=	6 months ended 30 Sept. 2021 Stg£1=	Year ended 31 March 2022 Stg£1=	6 months ended 30 Sept. 2022 Stg£1=	6 months ended 30 Sept. 2021 Stg£1=	Year ended 31 March 2022 Stg£1=
Euro	1.1776	1.1652	1.1750	1.1325	1.1621	1.1820
Danish Krone	8.7622	8.6661	8.7400	8.4219	8.6415	8.7918
Swedish Krona	12.3516	11.8445	12.0190	12.3435	11.8167	12.2187
Norwegian Krone	11.7220	11.8558	11.8654	11.9862	11.8129	11.4787
US Dollar	1.2356	1.3909	1.3694	1.1040	1.3456	1.3122
Canadian Dollar	1.5808	1.7238	1.7163	1.5177	1.7141	1.6425
Hong Kong Dollar	9.6922	10.8076	10.6580	8.6660	10.4804	10.2740

5. Segmental Reporting

DCC is an international sales, marketing and support services group headquartered in Dublin, Ireland. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker has been identified as Mr. Donal Murphy, Chief Executive and his executive management team.

As disclosed on pages 22 to 27 of the Group's 2022 Annual Report, the Group has organised all of its energy activities (previously DCC LPG and DCC Retail & Oil) into one reportable segment, DCC Energy, with effect from 1 April 2022.

The Group is organised into three operating segments (as identified under IFRS 8 *Operating Segments*) and generates revenue through the following activities:

DCC Energy operates through two business segments, Energy Solutions and Mobility. The Energy Solutions business is focused on reducing the complexity of energy transition and delivering affordable energy solutions. The Mobility business is focused on developing multi-energy networks and services for people and businesses on the move. DCC Energy is accelerating the net zero journey of energy consumers by leading the sales, marketing and distribution of low carbon energy solutions.

DCC Healthcare is a leading healthcare business, providing products and services to health and beauty brand owners and healthcare providers.

DCC Technology is a leading route-to-market and supply chain partner for global technology brands and customers. DCC Technology provides a broad range of consumer, business and enterprise technology products and services to retailers, resellers and integrators and domestic appliances and lifestyle products to retailers and consumers.

The chief operating decision maker monitors the operating results of segments separately in order to allocate resources between segments and to assess performance. Segment performance is predominantly evaluated based on operating profit before amortisation of intangible assets and net operating exceptional items. Net finance costs and income tax are managed on a centralised basis and therefore these items are not allocated between operating segments for the purpose of presenting information to the chief operating decision maker and accordingly are not included in the detailed segmental analysis.

The consolidated total assets of the Group as at 30 September 2022 amounted to £9.8 billion. This figure was not materially different to the equivalent figure at 31 March 2022 and therefore the related segmental disclosure note has been omitted in accordance with IAS 34 *Interim Financial Reporting*. Intersegment revenue is not material and thus not subject to separate disclosure.

Notes to the Condensed Financial Statements

for the six months ended 30 September 2022

5. Segmental Reporting (continued)

An analysis of the Group's performance by segment and geographic location is as follows:

(a) By operating segment

Unaudited six months ended 30 September 2022				
	DCC Energy £'000	DCC Healthcare £'000	DCC Technology £'000	Total £'000
Segment revenue	<u>7,918,151</u>	<u>377,651</u>	<u>2,541,328</u>	<u>10,837,130</u>
Adjusted operating profit	132,432	43,222	45,519	221,173
Amortisation of intangible assets	(30,787)	(3,241)	(16,377)	(50,405)
Net operating exceptionals (note 6)	(6,714)	(1,479)	(852)	(9,045)
Operating profit	<u>94,931</u>	<u>38,502</u>	<u>28,290</u>	<u>161,723</u>

Unaudited six months ended 30 September 2021				
	DCC Energy £'000	DCC Healthcare £'000	DCC Technology £'000	Total £'000
Segment revenue	<u>5,148,801</u>	<u>384,224</u>	<u>1,985,304</u>	<u>7,518,329</u>
Adjusted operating profit	118,391	50,203	27,187	195,781
Amortisation of intangible assets	(26,053)	(1,804)	(8,709)	(36,566)
Net operating exceptionals (note 6)	(7,667)	(789)	(9,849)	(18,305)
Operating profit	<u>84,671</u>	<u>47,610</u>	<u>8,629</u>	<u>140,910</u>

Audited year ended 31 March 2022				
	DCC Energy £'000	DCC Healthcare £'000	DCC Technology £'000	Total £'000
Segment revenue	<u>12,322,589</u>	<u>765,213</u>	<u>4,644,218</u>	<u>17,732,020</u>
Adjusted operating profit	407,132	100,415	81,687	589,234
Amortisation of intangible assets	(55,667)	(6,092)	(22,581)	(84,340)
Net operating exceptionals (note 6)	(16,687)	(6,540)	(23,307)	(46,534)
Operating profit	<u>334,778</u>	<u>87,783</u>	<u>35,799</u>	<u>458,360</u>

(b) By geography

The Group has a presence in 23 countries worldwide. The following represents a geographical revenue analysis about the country of domicile (Republic of Ireland) and countries with material revenue representing over 10% of Group revenue.

	Unaudited 6 months ended 30 Sept. 2022 £'000	Unaudited 6 months ended 30 Sept. 2021 £'000	Audited year ended 31 March 2022 £'000
Republic of Ireland	998,903	588,902	1,609,797
United Kingdom	3,807,095	3,122,439	6,632,084
France	1,730,440	1,383,777	3,251,238
United States	1,098,101	425,317	1,301,893
Other	3,202,591	1,997,894	4,937,008
	<u>10,837,130</u>	<u>7,518,329</u>	<u>17,732,020</u>

Notes to the Condensed Financial Statements

for the six months ended 30 September 2022

5. Segmental Reporting (continued)

(c) Disaggregation of revenue

The following table disaggregates revenue by primary geographical market, major revenue lines and timing of revenue recognition. The use of revenue as a metric of performance in the Group's Energy segment is of limited relevance due to the influence of changes in underlying energy product costs on absolute revenues. Whilst changes in underlying energy product costs will change percentage operating margins, this has little relevance in the downstream energy distribution market in which this segment operates where profitability is driven by absolute contribution per tonne/litre of product sold, and not a percentage margin. Accordingly, management review geographic volume performance rather than geographic revenue performance for this segment as country-specific GDP and weather patterns can influence volumes. The disaggregated revenue information presented below for DCC Healthcare and Technology, which can also be influenced by country-specific GDP movements, is consistent with how revenue is reported and reviewed internally.

As disclosed on pages 22 to 27 of the Group's 2022 Annual Report, the Group has organised all of its energy activities (previously DCC LPG and DCC Retail & Oil) into one reportable segment, DCC Energy, with effect from 1 April 2022. Consequently, the Group will now report disaggregated revenue across DCC Energy's two major revenue lines, energy solutions and energy mobility. Comparative data has been restated accordingly.

	Unaudited six months ended 30 September 2022			
	DCC Energy £'000	DCC Healthcare £'000	DCC Technology £'000	Total £'000
Republic of Ireland (country of domicile)	767,473	52,649	178,781	998,903
United Kingdom	2,763,070	201,827	842,198	3,807,095
France	1,575,703	-	154,737	1,730,440
North America	101,716	85,206	992,754	1,179,676
Other	2,710,189	37,969	372,858	3,121,016
	<u>7,918,151</u>	<u>377,651</u>	<u>2,541,328</u>	<u>10,837,130</u>
Energy solutions products and services	4,628,849	-	-	4,628,849
Energy mobility products and services	3,289,302	-	-	3,289,302
Medical and pharmaceutical products	-	192,496	-	192,496
Nutrition and health & beauty products	-	185,155	-	185,155
Technology products and services	-	-	2,541,328	2,541,328
	<u>7,918,151</u>	<u>377,651</u>	<u>2,541,328</u>	<u>10,837,130</u>
Products transferred at point in time	<u>7,918,151</u>	<u>377,651</u>	<u>2,541,328</u>	<u>10,837,130</u>
	Unaudited six months ended 30 September 2021			
	DCC Energy £'000	DCC Healthcare £'000	DCC Technology £'000	Total £'000
Republic of Ireland (country of domicile)	362,584	60,088	166,230	588,902
United Kingdom	1,948,260	208,998	965,181	3,122,439
France	1,225,292	-	158,485	1,383,777
North America	62,075	75,961	353,262	491,298
Other	1,550,590	39,177	342,146	1,931,913
	<u>5,148,801</u>	<u>384,224</u>	<u>1,985,304</u>	<u>7,518,329</u>
Energy solutions products and services (restated)	2,851,783	-	-	2,851,783
Energy mobility products and services (restated)	2,297,018	-	-	2,297,018
Medical and pharmaceutical products	-	204,465	-	204,465
Nutrition and health & beauty products	-	179,759	-	179,759
Technology products and services	-	-	1,985,304	1,985,304
	<u>5,148,801</u>	<u>384,224</u>	<u>1,985,304</u>	<u>7,518,329</u>
Products transferred at point in time	<u>5,148,801</u>	<u>384,224</u>	<u>1,985,304</u>	<u>7,518,329</u>

Notes to the Condensed Financial Statements

for the six months ended 30 September 2022

5. Segmental Reporting (continued)

(c) Disaggregation of revenue (continued)

	Audited year ended 31 March 2022			
	DCC Energy £'000	DCC Healthcare £'000	DCC Technology £'000	Total £'000
Republic of Ireland (country of domicile)	1,094,400	117,405	397,992	1,609,797
United Kingdom	4,229,986	419,088	1,983,010	6,632,084
France	2,900,787	-	350,451	3,251,238
North America	261,559	148,318	1,035,055	1,444,932
Other	3,835,857	80,402	877,710	4,793,969
	<u>12,322,589</u>	<u>765,213</u>	<u>4,644,218</u>	<u>17,732,020</u>
Energy solutions products and services (restated)	7,306,762	-	-	7,306,762
Energy mobility products and services (restated)	5,015,827	-	-	5,015,827
Medical and pharmaceutical products	-	407,672	-	407,672
Nutrition and health & beauty products	-	357,541	-	357,541
Technology products and services	-	-	4,644,218	4,644,218
	<u>12,322,589</u>	<u>765,213</u>	<u>4,644,218</u>	<u>17,732,020</u>
Products transferred at point in time	<u>12,322,589</u>	<u>765,213</u>	<u>4,644,218</u>	<u>17,732,020</u>

6. Exceptionals

	Unaudited 6 months ended 30 Sept. 2022 £'000	Unaudited 6 months ended 30 Sept. 2021 £'000	Audited year ended 31 March 2022 £'000
Acquisition and related costs	(5,026)	(5,782)	(9,934)
Restructuring and integration costs and other	(4,019)	(4,523)	(16,736)
Adjustments to contingent acquisition consideration	-	(8,000)	(19,864)
Net operating exceptional items	<u>(9,045)</u>	<u>(18,305)</u>	<u>(46,534)</u>
Mark to market of swaps and related debt	2,504	967	1,192
Net exceptional items before taxation	<u>(6,541)</u>	<u>(17,338)</u>	<u>(45,342)</u>
Income tax and deferred tax (charge)/credit attaching to exceptional items	(498)	(184)	1,501
Net exceptional items after taxation	<u>(7,039)</u>	<u>(17,522)</u>	<u>(43,841)</u>
Non-controlling interests share of net exceptional items after taxation	91	-	-
Net exceptional items attributable to owners of the Parent Company	<u>(7,039)</u>	<u>(17,522)</u>	<u>(43,841)</u>

Acquisition and related costs include the professional fees and tax costs (such as stamp duty) relating to the evaluation and/or completion of acquisition opportunities and amounted to £5.026 million.

Restructuring and integration costs and other of £4.019 million relates to the restructuring of operations across a number of businesses and acquisitions.

Notes to the Condensed Financial Statements

for the six months ended 30 September 2022

6. Exceptionals (continued)

Most of the Group's debt has been raised in the US private placement market, denominated in US dollars, euro and sterling. Long-term interest and cross currency interest rate derivatives have been utilised to achieve an appropriate mix of fixed and floating rate debt across the three currencies. The level of ineffectiveness calculated under IAS 39 on the fair value and cash flow hedge relationships relating to this debt is charged or credited as an exceptional item. In the six months ended 30 September 2022, this amounted to an exceptional non-cash gain of £2.504 million. Following this credit, the cumulative net exceptional credit taken in respect of the Group's outstanding US Private Placement debt and related hedging instruments is £3.039 million. This, or any subsequent similar non-cash charges or gains, will net to zero over the remaining term of this debt and the related hedging instruments.

Adjustments to contingent acquisition consideration in the comparative periods relate to increases in contingent consideration payable in respect of acquisitions in DCC Technology and DCC Energy where performance was ahead of expectations.

7. Taxation

The taxation expense for the interim period is based on management's best estimate of the weighted average tax rate that is expected to be applicable for the full year. The Group's effective tax rate for the period was 19.5% (six months ended 30 September 2021: 18% and year ended 31 March 2022: 18.3%).

8. Earnings per Ordinary Share

	Unaudited 6 months ended 30 Sept. 2022 £'000	Unaudited 6 months ended 30 Sept. 2021 £'000	Audited year ended 31 March 2022 £'000
Profit attributable to owners of the Parent	97,526	84,507	312,373
Amortisation of intangible assets after tax	40,007	30,328	67,919
Exceptionals after tax	6,948	17,522	43,841
Adjusted profit after taxation and non-controlling interests	144,481	132,357	424,133

Basic earnings per ordinary share

Basic earnings per share is calculated by dividing the profit attributable to owners of the Parent Company by the weighted average number of ordinary shares in issue during the period, excluding ordinary shares purchased by the Company and held as treasury shares. The adjusted figures for basic earnings per ordinary share (a non-GAAP financial measure) are intended to demonstrate the results of the Group after eliminating the impact of amortisation of intangible assets and net exceptionals.

	Unaudited 6 months ended 30 Sept. 2022 pence	Unaudited 6 months ended 30 Sept. 2021 pence	Audited year ended 31 March 2022 pence
Basic earnings per ordinary share	98.83p	85.71p	316.78p
Amortisation of intangible assets after tax	40.55p	30.76p	68.88p
Exceptionals after tax	7.04p	17.77p	44.45p
Adjusted basic earnings per ordinary share	146.42p	134.24p	430.11p
Weighted average number of ordinary shares in issue (thousands)	98,679	98,596	98,610

Notes to the Condensed Financial Statements

for the six months ended 30 September 2022

8. Earnings per Ordinary Share (continued)

Diluted earnings per ordinary share

Diluted earnings per ordinary share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. Share options and awards are the Company's only category of dilutive potential ordinary shares. The adjusted figures for diluted earnings per ordinary share (a non-GAAP financial measure) are intended to demonstrate the results of the Group after eliminating the impact of amortisation of intangible assets and net exceptionals.

Employee share options and awards, which are performance-based, are treated as contingently issuable shares because their issue is contingent upon satisfaction of specified performance conditions in addition to the passage of time. These contingently issuable shares are excluded from the computation of diluted earnings per ordinary share where the conditions governing exercisability would not have been satisfied as at the end of the reporting period if that were the end of the vesting period. The adjusted figures for diluted earnings per ordinary share (a non-GAAP financial measure) are intended to demonstrate the results of the Group after eliminating the impact of amortisation of intangible assets and net exceptionals.

	Unaudited 6 months ended 30 Sept. 2022 pence	Unaudited 6 months ended 30 Sept. 2021 pence	Audited year ended 31 March 2022 pence
Diluted earnings per ordinary share	98.77p	85.66p	316.36p
Amortisation of intangible assets after tax	40.51p	30.74p	68.79p
Exceptionals after tax	7.04p	17.76p	44.40p
Adjusted diluted earnings per ordinary share	<u>146.32p</u>	<u>134.16p</u>	<u>429.55p</u>
Weighted average number of ordinary shares in issue (dilutive, thousands)	<u>98,745</u>	<u>98,654</u>	<u>98,739</u>

The earnings used for the purposes of the diluted earnings per ordinary share calculations were £97.526 million (six months ended 30 September 2021: £84.507 million) and £144.481 million (six months ended 30 September 2021: £132.357 million) for the purposes of the adjusted diluted earnings per ordinary share calculations. The weighted average number of ordinary shares used in calculating the diluted earnings per ordinary share for the six months ended 30 September 2022 was 98.745 million (six months ended 30 September 2021: 98.654 million). A reconciliation of the weighted average number of ordinary shares used for the purposes of calculating the diluted earnings per ordinary share amounts is as follows:

	Unaudited 6 months ended 30 Sept. 2022 '000	Unaudited 6 months ended 30 Sept. 2021 '000	Audited year ended 31 March 2022 '000
Weighted average number of ordinary shares in issue	98,679	98,596	98,610
Dilutive effect of options and awards	66	58	129
Weighted average number of ordinary shares for diluted earnings per share	<u>98,745</u>	<u>98,654</u>	<u>98,739</u>

9. Dividends

	Unaudited 6 months ended 30 Sept. 2022 £'000	Unaudited 6 months ended 30 Sept. 2021 £'000	Audited year ended 31 March 2022 £'000
Interim - paid 55.85 pence per share on 10 December 2021	-	-	55,182
Final - paid 119.93 pence per share on 21 July 2022 (paid 107.85 pence per share on 22 July 2021)	<u>116,911</u>	<u>106,304</u>	<u>105,417</u>
	<u>116,911</u>	<u>106,304</u>	<u>160,599</u>

On 7 November 2022, the Board approved an interim dividend of 60.04 pence per share (£59.269 million). These condensed interim financial statements do not reflect this dividend payable.

Notes to the Condensed Financial Statements

for the six months ended 30 September 2022

10. Other Reserves

For the six months ended 30 September 2022

	Share based payment reserve £'000	Cash flow hedge reserve £'000	Foreign currency translation reserve £'000	Other reserves £'000	Total £'000
At 1 April 2022	47,436	85,768	87,272	932	221,408
Currency translation	-	-	163,213	-	163,213
Movements relating to cash flow hedges	-	(59,784)	-	-	(59,784)
Movement in deferred tax liability on cash flow hedges	-	10,089	-	-	10,089
Share based payment	3,524	-	-	-	3,524
At 30 September 2022	50,960	36,073	250,485	932	338,450

For the six months ended 30 September 2021

	Share based payment reserve £'000	Cash flow hedge reserve £'000	Foreign currency translation reserve £'000	Other reserves £'000	Total £'000
At 1 April 2021	40,969	13,130	60,260	932	115,291
Currency translation	-	-	16,853	-	16,853
Movements relating to cash flow hedges	-	105,035	-	-	105,035
Movement in deferred tax liability on cash flow hedges	-	(19,065)	-	-	(19,065)
Share based payment	3,562	-	-	-	3,562
At 30 September 2021	44,531	99,100	77,113	932	221,676

For the year ended 31 March 2022

	Share based payment reserve £'000	Cash flow hedge reserve £'000	Foreign currency translation reserve £'000	Other reserves £'000	Total £'000
At 1 April 2021	40,969	13,130	60,260	932	115,291
Currency translation	-	-	27,012	-	27,012
Movements relating to cash flow hedges	-	88,776	-	-	88,776
Movement in deferred tax liability on cash flow hedges	-	(16,138)	-	-	(16,138)
Share based payment	6,467	-	-	-	6,467
At 31 March 2022	47,436	85,768	87,272	932	221,408

Notes to the Condensed Financial Statements

for the six months ended 30 September 2022

11. Analysis of Net Debt

	Unaudited 30 Sept. 2022 £'000	Unaudited 30 Sept. 2021 £'000	Audited 31 March 2022 £'000
Non-current assets:			
Derivative financial instruments	143,547	126,079	118,578
Current assets:			
Derivative financial instruments	178,101	150,744	107,361
Cash and cash equivalents	1,258,065	1,437,725	1,394,272
	1,436,166	1,588,469	1,501,633
Non-current liabilities:			
Derivative financial instruments	(51,789)	-	(10,330)
Bank borrowings	(461,958)	-	(388,660)
Unsecured Notes	(1,389,094)	(1,568,450)	(1,544,822)
	(1,902,841)	(1,568,450)	(1,943,812)
Current liabilities:			
Derivative financial instruments	(79,426)	(53,140)	(28,634)
Bank borrowings	(80,048)	(102,456)	(67,668)
Unsecured Notes	(299,698)	(44,652)	-
	(459,172)	(200,248)	(96,302)
Net debt (excluding lease creditors)	(782,300)	(54,150)	(419,903)
Lease creditors - non-current	(270,188)	(275,859)	(273,164)
Lease creditors - current	(65,770)	(60,322)	(63,538)
Total lease creditors	(335,958)	(336,181)	(336,702)
Net debt (including lease creditors)	(1,118,258)	(390,331)	(756,605)

An analysis of the maturity profile of the Group's net debt (including lease creditors) at 30 September 2022 is as follows:

	Less than 1 year £'000	Between 1 and 2 years £'000	Between 2 and 5 years £'000	Over 5 years £'000	Total £'000
At 30 September 2022					
Cash and short-term deposits	1,258,065	-	-	-	1,258,065
Overdrafts	(80,048)	-	-	-	(80,048)
Cash and cash equivalents	1,178,017	-	-	-	1,178,017
Bank borrowings	-	-	(461,958)	-	(461,958)
Unsecured Notes	(299,698)	(356,226)	(645,890)	(386,978)	(1,688,792)
Derivative financial instruments - Unsecured Notes	76,013	61,915	28,876	(50)	166,754
Derivative financial instruments - other	22,662	1,017	-	-	23,679
Net debt (excluding lease creditors)	976,994	(293,294)	(1,078,972)	(387,028)	(782,300)
Lease creditors	(65,770)	(55,478)	(98,564)	(116,146)	(335,958)
Net debt (including lease creditors)	911,224	(348,772)	(1,177,536)	(503,174)	(1,118,258)

The Group's Unsecured Notes fall due between 25 April 2023 and 4 April 2034 with an average maturity of 4.3 years at 30 September 2022. The full fair value of a hedging derivative is allocated to the time period corresponding to the maturity of the hedged item.

Notes to the Condensed Financial Statements

for the six months ended 30 September 2022

12. Business Combinations

A key strategy of the Group is to create and sustain market leadership positions through acquisitions in markets it currently operates in, together with extending the Group's footprint into new geographic markets. In line with this strategy, the principal acquisitions completed by the Group during the period, together with percentages acquired, were as follows:

- The acquisition by DCC Energy of 100% of Protech Group in June 2022. Established in 2008, Protech Group provides a wide range of renewable and energy efficient heating solutions, maintenance and water services to commercial and industrial customers across the UK. The acquisition of Protech significantly strengthens the range of low carbon and renewable technologies in the DCC Energy portfolio, as well as market leading maintenance and services offerings; and
- The acquisition by DCC Energy in July 2022 of 50% of Frijsenborg Biogas, a Danish biogas plant. This investment expands DCC Energy's position in the gas market at a time of progress for Danish biogas and enables DCC to provide biogas solutions to its customers in the region.

The acquisition data presented below reflects the fair value of the identifiable net assets acquired (excluding cash and cash equivalents acquired) in respect of acquisitions completed during the six months ended 30 September 2022.

	6 months ended 30 Sept. 2022 £'000	6 months ended 30 Sept. 2021 £'000
Assets		
Non-current assets		
Property, plant and equipment	3,721	29,840
Right-of-use leased assets	-	21,793
Equity accounted investments	18,260	-
Deferred income tax assets	-	376
Total non-current assets	21,981	52,009
Current assets		
Inventories	372	23,262
Trade and other receivables	2,115	26,999
Total current assets	2,487	50,261
Liabilities		
Non-current liabilities		
Deferred income tax liabilities	(12)	-
Lease creditors	-	(18,617)
Provisions for liabilities and charges	-	(7,879)
Total non-current liabilities	(12)	(26,496)
Current liabilities		
Trade and other payables	(2,295)	(54,630)
Current income tax liability	(890)	(1,337)
Lease creditors	-	(3,176)
Total current liabilities	(3,185)	(59,143)
Identifiable net assets acquired	21,271	16,631
Non-controlling interest arising on acquisition	-	(2,058)
Intangible assets - goodwill	13,926	152,471
Total consideration	35,197	167,044
Satisfied by:		
Cash	32,509	152,865
Cash and cash equivalents acquired	(1,174)	(11,584)
Net cash outflow	31,335	141,281
Acquisition related liabilities	3,862	25,763
Total consideration	35,197	167,044

Notes to the Condensed Financial Statements

for the six months ended 30 September 2022

12. Business Combinations (continued)

None of the business combinations completed during the period were considered sufficiently material to warrant separate disclosure of the fair values attributable to those combinations.

There were no adjustments made to the carrying amounts of assets and liabilities acquired in arriving at their fair values. The initial assignment of fair values to identifiable net assets acquired has been performed on a provisional basis in respect of a number of the business combinations above given the timing of closure of these transactions. Any amendments to these fair values within the twelve-month timeframe from the date of acquisition will be disclosable in the Group's condensed interim financial statements for the six months ending 30 September 2023 as stipulated by IFRS 3.

The principal factors contributing to the recognition of goodwill on business combinations entered into by the Group are the expected profitability of the acquired business and the realisation of cost savings and synergies with existing Group entities.

Acquisition and related costs included in other operating expenses in the Group Income Statement amounted to £5.026 million (six months ended 30 September 2021: £5.782 million).

No contingent liabilities were recognised on the acquisitions completed during the financial period or the prior financial years.

The gross contractual value of trade and other receivables as at the respective dates of acquisition amounted to £2.1 million. The fair value of these receivables is £2.1 million (all of which is expected to be recoverable).

None of the goodwill recognised in respect of acquisitions completed during the period is expected to be deductible for tax purposes.

The fair value of contingent consideration recognised at the date of acquisition is calculated by discounting the expected future payment to present value at the acquisition date. In general, for contingent consideration to become payable, pre-defined profit thresholds must be exceeded. On an undiscounted basis, the future payments for which the Group may be liable for acquisitions completed during the period range from nil to £14.9 million.

The acquisitions during the period contributed £3.9 million to revenues and £0.1 million to profit after tax. The revenue and profit of the Group determined in accordance with IFRS for the period ended 30 September 2022 would not have been materially different than reported in the Income Statement if the acquisition date for all business combinations completed during the period had been as of the beginning of the period.

13. Post Employment Benefit Obligations

The Group's defined benefit pension schemes' assets were measured at fair value at 30 September 2022. The defined benefit pension schemes' liabilities at 30 September 2022 were updated to reflect material movements in underlying assumptions.

The Group's post employment benefit obligations moved from a net asset of £7.745 million at 31 March 2022 to a net asset of £11.761 million at 30 September 2022. This movement was primarily driven by an actuarial gain on liabilities arising from an increase in the discount rates used to value these liabilities.

The following actuarial assumptions have been made in determining the Group's retirement benefit obligation for the six months ended 30 September 2022:

	Unaudited 6 months ended 30 Sept. 2022	Unaudited 6 months ended 30 Sept. 2021	Audited year ended 31 March 2022
Discount rate			
- Republic of Ireland	4.10%	1.30%	2.10%
- United Kingdom	4.90%	2.00%	2.75%
- Germany	4.10%	1.30%	2.10%

Notes to the Condensed Financial Statements

for the six months ended 30 September 2022

14. Seasonality of Operations

The Group's operations are significantly second-half weighted primarily due to a portion of the demand for DCC Energy's products being weather dependent and seasonal buying patterns in DCC Technology.

15. Related Party Transactions

There have been no related party transactions or changes in the nature and scale of the related party transactions described in the 2022 Annual Report that could have had a material impact on the financial position or performance of the Group in the six months ended 30 September 2022.

16. Events after the Balance Sheet Date

PVO

In November 2022, DCC acquired PVO International BV ("PVO"), a leading distributor of solar panels, invertors, batteries and accessories used in the commercial, industrial and domestic energy sectors across continental Europe. PVO is headquartered in Rosmalen, the Netherlands, employing approximately 50 people and has a market-leading position in the Benelux and growing positions in eight other European countries including Germany, Poland and Finland. An initial assignment of fair values to identifiable net assets acquired has not been completed given the timing of the closure of the transaction.

Medi-Globe

In October 2022, DCC Healthcare completed the acquisition of Medi-Globe Technologies GmbH ("Medi-Globe"), an international medical devices business focused on minimally invasive procedures. Medi-Globe has revenues of approximately €120 million (£104 million) and employs approximately 600 people. Its products are sold to hospitals and procurement organisations in over 120 countries through direct sales operations in Germany, France, Austria, Netherlands, Czechia and Brazil and an international network of distributors. The acquisition was based on an enterprise value of approximately €245 million (£213 million) on a cash-free, debt-free basis. An initial assignment of fair values to identifiable net assets acquired has not been completed given the timing of the closure of the transaction.

17. Board Approval

This report was approved by the Board of Directors of DCC plc on 7 November 2022.

18. Distribution of Interim Report

This report and further information on DCC is available at the Company's website www.dcc.ie. A printed copy is available to the public at the Company's registered office at DCC House, Leopardstown Road, Foxrock, Dublin 18, Ireland.

Statement of Directors' Responsibilities

We confirm that to the best of our knowledge:

- the condensed set of interim financial statements for the six months ended 30 September 2022 have been prepared in accordance with IAS 34 *Interim Financial Reporting* as adopted by the EU; and
- the interim management report includes a fair review of the information required by:
 - Regulation 8(2) of the Transparency (Directive 2004/109/EC) Regulations 2007, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and
 - Regulation 8(3) of the Transparency (Directive 2004/109/EC) Regulations 2007, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

On behalf of the Board

Mark Breuer
Chairman

Donal Murphy
Chief Executive

7 November 2022

Supplementary Financial Information

Alternative Performance Measures

The Group reports certain alternative performance measures ('APMs') that are not required under International Financial Reporting Standards ('IFRS') which represent the generally accepted accounting principles ('GAAP') under which the Group reports. The Group believes that the presentation of these APMs provides useful supplemental information which, when viewed in conjunction with our IFRS financial information, provides investors with a more meaningful understanding of the underlying financial and operating performance of the Group and its divisions.

These APMs are primarily used for the following purposes:

- to evaluate the historical and planned underlying results of our operations;
- to set director and management remuneration; and
- to discuss and explain the Group's performance with the investment analyst community.

None of the APMs should be considered as an alternative to financial measures derived in accordance with GAAP. The APMs can have limitations as analytical tools and should not be considered in isolation or as a substitute for an analysis of our results as reported under GAAP. These performance measures may not be calculated uniformly by all companies and therefore may not be directly comparable with similarly titled measures and disclosures of other companies.

The principal APMs used by the Group, together with reconciliations where the non-GAAP measures are not readily identifiable from the financial statements, are as follows:

Adjusted operating profit ('EBITA')

Definition

This comprises operating profit as reported in the Group Income Statement before net operating exceptional items and amortisation of intangible assets. Net operating exceptional items and amortisation of intangible assets are excluded in order to assess the underlying performance of our operations. In addition, neither metric forms part of Director or management remuneration targets.

	6 months ended 30 Sept. 2022 £'000	6 months ended 30 Sept. 2021 £'000	Year ended 31 March 2022 £'000
Operating profit	161,723	140,910	458,360
Net operating exceptional items	9,045	18,305	46,534
Amortisation of intangible assets	50,405	36,566	84,340
Adjusted operating profit ('EBITA')	221,173	195,781	589,234

Net interest before exceptional items

Definition

The Group defines net interest before exceptional items as the net total of finance costs and finance income before interest related exceptional items as presented in the Group Income Statement.

	6 months ended 30 Sept. 2022 £'000	6 months ended 30 Sept. 2021 £'000	Year ended 31 March 2022 £'000
Finance costs before exceptional items	(41,469)	(39,355)	(77,205)
Finance income before exceptional items	10,185	12,056	23,075
Net interest before exceptional items	(31,284)	(27,299)	(54,130)

Supplementary Financial Information

Alternative Performance Measures (continued)

Constant currency

Definition

The translation of foreign denominated earnings can be impacted by movements in foreign exchange rates versus sterling, the Group's presentation currency. In order to present a better reflection of underlying performance in the period, the Group retranslates foreign denominated current year earnings at prior year exchange rates.

	6 months ended 30 Sept. 2022 £'000	6 months ended 30 Sept. 2021 £'000
Revenue (constant currency)		
Revenue	10,837,130	7,518,329
Currency impact	22,396	-
Revenue (constant currency)	10,859,526	7,518,329
	6 months ended 30 Sept. 2022 £'000	6 months ended 30 Sept. 2021 £'000
Adjusted operating profit (constant currency)		
Adjusted operating profit	221,173	195,781
Currency impact	(4,415)	-
Adjusted operating profit (constant currency)	216,758	195,781
	6 months ended 30 Sept. 2022 £'000	6 months ended 30 Sept. 2021 £'000
Adjusted earnings per share (constant currency)		
Adjusted profit after taxation and non-controlling interests (note 8)	144,481	132,357
Currency impact	(3,118)	-
Adjusted profit after taxation and non-controlling interests (constant currency)	141,363	132,357
Weighted average number of ordinary shares in issue ('000)	98,679	98,596
Adjusted earnings per share (constant currency)	143.26p	134.24p

Effective tax rate

Definition

The Group's effective tax rate expresses the income tax expense before exceptionals and deferred tax attaching to the amortisation of intangible assets as a percentage of EBITA less net interest.

	6 months ended 30 Sept. 2022 £'000	6 months ended 30 Sept. 2021 £'000	Year ended 31 March 2022 £'000
Adjusted operating profit	221,173	195,781	589,234
Net interest before exceptional items	(31,284)	(27,299)	(54,130)
Earnings before taxation	189,889	168,482	535,104
Income tax expense	27,128	24,273	79,734
Income tax attaching to net exceptionals	(498)	(184)	1,501
Deferred tax attaching to amortisation of intangible assets	10,398	6,238	16,421
Total income tax expense before exceptionals and deferred tax attaching to amortisation of intangible assets	37,028	30,327	97,656
Effective tax rate (%)	19.5%	18.0%	18.3%

Supplementary Financial Information

Alternative Performance Measures (continued)

Net capital expenditure

Definition

Net capital expenditure comprises purchases of property, plant and equipment, proceeds from the disposal of property, plant and equipment and government grants received in relation to property, plant and equipment.

	6 months ended 30 Sept. 2022 £'000	6 months ended 30 Sept. 2021 £'000	Year ended 31 March 2022 £'000
Purchase of property, plant and equipment	111,671	78,187	194,353
Proceeds from disposal of property, plant and equipment	(7,797)	(11,148)	(23,524)
Net capital expenditure	103,874	67,039	170,829

Free cash flow

Definition

Free cash flow is defined by the Group as cash generated from operations before exceptional items as reported in the Group Cash Flow Statement after repayment of lease creditors and net capital expenditure.

	6 months ended 30 Sept. 2022 £'000	6 months ended 30 Sept. 2021 £'000	Year ended 31 March 2022 £'000
Cash generated from operations before exceptionals	181,440	115,276	628,433
Repayment of lease creditors	(39,954)	(35,911)	(75,053)
Net capital expenditure	(103,874)	(67,039)	(170,829)
Free cash flow	37,612	12,326	382,551

Free cash flow (after interest and tax payments)

Definition

Free cash flow (after interest and tax payments) is defined by the Group as free cash flow after interest paid (excluding interest relating to lease creditors), income tax paid, dividends received from equity accounted investments and interest received. As noted in the definition of free cash flow, interest amounts relating to the repayment of lease creditors has been deducted in arriving at the Group's free cash flow and are therefore excluded from the interest paid figure in arriving at the Group's free cash flow (after interest and tax payments).

	6 months ended 30 Sept. 2022 £'000	6 months ended 30 Sept. 2021 £'000	Year ended 31 March 2022 £'000
Free cash flow	37,612	12,326	382,551
Interest paid (including interest relating to lease creditors)	(39,575)	(35,281)	(70,103)
Interest relating to lease creditors	4,558	4,738	9,473
Income tax paid	(34,668)	(34,894)	(76,292)
Interest received	10,137	12,033	22,759
Free cash flow (after interest and tax payments)	(21,936)	(41,078)	268,388

Supplementary Financial Information

Alternative Performance Measures (continued)

Committed acquisition expenditure

Definition

The Group defines committed acquisition expenditure as the total acquisition cost of subsidiaries as presented in the Group Cash Flow Statement (excluding amounts related to acquisitions which were committed to in previous years) and future acquisition related liabilities for acquisitions committed to during the period.

	6 months ended 30 Sept. 2022 £'000	6 months ended 30 Sept. 2021 £'000	Year ended 31 March 2022 £'000
Net cash outflow on acquisitions during the period	31,335	141,281	668,123
Net cash outflow on acquisitions which were committed to in the previous period	(25,377)	(112,478)	(114,658)
Acquisition related liabilities arising on acquisitions during the period	3,862	25,763	47,381
Acquisition related liabilities which were committed to in the previous period	(420)	(18,912)	(21,510)
Amounts committed in the current period, cash outflow post period end	294,240	42,081	24,100
Committed acquisition expenditure	303,640	77,735	603,436

Net working capital

Definition

Net working capital represents the net total of inventories, trade and other receivables (excluding interest receivable), and trade and other payables (excluding interest payable, amounts due in respect of property, plant and equipment and current government grants).

	As at 30 Sept. 2022 £'000	As at 30 Sept. 2021 £'000	As at 31 March 2022 £'000
Inventories	1,454,627	941,545	1,133,666
Trade and other receivables	2,218,757	1,557,229	2,508,613
Less: interest receivable	(232)	(39)	(170)
Trade and other payables	(3,250,559)	(2,548,083)	(3,468,705)
Less: interest payable	15,181	14,625	13,981
Less: amounts due in respect of property, plant and equipment	10,980	9,510	18,850
Less: government grants	13	17	16
Net working capital	448,767	(25,196)	206,251

Working capital (days)

Definition

Working capital days measures how long it takes in days for the Group to convert working capital into revenue.

	As at 30 Sept. 2022 £'000	As at 30 Sept. 2021 £'000	As at 31 March 2022 £'000
Net working capital	448,767	(25,196)	206,251
September/March revenue	1,986,225	1,485,343	2,267,333
Working capital (days)	6.8 days	(0.5 days)	2.8 days